

STATE RETIREMENT SYSTEM
2000-2005 EXPERIENCE STUDY

Findings

Retirement

- For Groups 1 and 2, there were Early Retirement Incentives (ERIs) adopted in 2002 and 2003. The ERIs skewed the results of our analysis as many members who would have normally retired in 2004 or later took advantage of the ERI. Since we have no reasonable basis to adjust retirement rates, we will maintain the assumptions adopted in our prior study.
- For Group 1, there is a significant proportion of the workers over age 70 that continue working instead of retiring. However, since this cohort is such a small percentage of the population, we will continue to use an assumption of 100% retirement at age 70.
- For Group 3, there were less actual retirements in total than expected during each year. These totals were consistent in each year of the study.
- For Group 3, the actual experience was generally consistent with the assumptions prior to age 55. Most of the changes occur for ages above 55.
- For Group 4, the actual experience was more consistent for the later years of the study (2003-2005) than the earlier years of the study (2000-2002).
- Assistant District Attorneys (who have served at least ten years in that capacity) and District Attorneys were added to Group 4 in 1995 and 1996 respectively. These additions changed the make-up of Group 4 members who had previously been mostly corrections officers. This change was more noticeable in this study than it was in the prior study.
- For Group 4, we generally increased the rates at the younger ages (45-49) and increased the rates at the older ages (65+). For the most part, the rates for the intermediate ages remained the same with some minor adjustments.

Disability

- There is often a lag between the date of injury of a member and the date of retirement. Our software cannot recognize this lag so we monitor this issue and make adjustments as necessary.
- Actual number of disability retirements more than expected for Groups 2 and 4
- Actual number of disability retirements less than expected for Group 1
- Actual number of disability retirements about as expected (in total) for Group 3
- For Group 3, even though the overall assumption was reasonable, individual age rates were adjusted
- Actual ratio of accidental disability to ordinary disability retirements found to be somewhat greater than assumed

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Findings (continued)

Withdrawal

- Measuring withdrawal (termination) rates continues to be a challenge. Therefore, our rates for this assumption tend to be more conservative than retirement and disability
- For Groups 1, 2 and 4, actual terminations are greater than expected for each year of service
- Group 2 results similar to Group 1 results so will use the same assumptions for both Groups
- Group 4 consists of District Attorneys and Assistant District Attorneys (who have at least 10 years of service in this capacity) who are not typical Group 4 employees (public safety)
- Group 3 A/E ratios are generally approximately 1 (actual withdrawal about as expected)

Salary Increases

- Like withdrawal rates, accurately measuring salary increases continues to be a challenge. Therefore, our assumptions tend to be more conservative than retirement and disability rates.
- For Groups 1 and 2, salary increases for continuing members generally average from 4-7% per year for all years of service
- For Groups 3 and 4, salary increases for continuing members generally average from 3-8% for all years of service
- For all Groups, the ultimate rates of salary increases were less than previously assumed

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Findings (continued)

Post-Retirement Mortality

- Overall, mortality somewhat greater than expected but data issues may influence this overstatement
- Male mortality greater than expected in all years
- Female mortality greater than expected in most years
- Female mortality results may be overstated because many of the females who were previously listed under their spouse's Social Security number had their records corrected to reflect their own Social Security number
- Recent retiree data is more credible than past data for retirees; 2006 experience (although beyond the scope of the study) appears the most reliable
- Total disabled mortality somewhat greater than expected; gender allocation difficult to assess
- Mortality not significantly different by Group
- This assumption will continue to be monitored each year as we perform the actuarial valuation. We did not change this assumption because of some uncertainty regarding the actual number of deaths due to data issues for most of the 6-year period of our study.